



AN ASSOCIATION OF
MONTANA HEALTH
CARE PROVIDERS

**Testimony of Montana Hospital Association
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Senate Bill 351; Pertaining to Medicaid Managed Care**

MHA appreciates the opportunity to present testimony on Senate Bill 351, a bill that amends the statutes pertaining to Medicaid managed care programs. MHA appears on behalf of our member hospitals, nursing homes, physicians and other medical providers.

MHA began work on SB 351 when Governor Schweitzer announced that he was planning to implement a 5-county Medicaid managed care experiment. Our members reacted with concern that we needed to act to avoid the problems that emerged in Montana's ill-fated mental health managed care program. The so-called Mental Health Access Plan adversely impacted the mentally ill beneficiaries the program was intended to serve, and left hospitals and other medical providers with a mountain of unpaid bills.

If Montana intends to develop managed care programs we need to make sure we get it right. SB 351 is aimed at getting any such project off on better footing.

There are others here to speak to the need for SB 351. Here is the explanation of the provisions of SB 351.

New Section 1, page 1; Advisory Council. SB 351 proposes to create a public process to involve representatives of the department, the legislature, the public and other stakeholders to consider the design and details of the project and inform and educate about the project. A public process is required to assure that the public and other stakeholders are fully aware of the project and its potential impacts.

New Section 2, page 2; Public Notice and Comment. SB 351 requires that prior to issuing a request for proposal or contract that the department engage in a formal public process to obtain public comment. Additionally, the legislative auditor and the State Auditor will work with the Department to assure actuarial soundness, network adequacy and consumer choice. There is also a requirement for an independent assessment that the contractor is able to comply with the goals of the program.

Section 3, beginning on page 4: SB 351 eliminates an exception to the insurance codes previously allowed for Medicaid managed care contractors. This change will require any managed care entity to be a licensed insurance company in Montana, and thereby meet the requirements for financial solvency, network adequacy and market conduct required of all insurance providers.

Section 4, page 4: Language is added to the statute to continue the exemption to part 301 – notice of coverage - and part 321 – insurance policy disclosures - of Title 33, section 31. These exemptions keep the managed care entity from unrelated commercial insurance requirements.

Section 5, page 5: New language is added to clarify that a capitated managed care entity is required to meet statutory requirements applicable to the Medicaid program.

Section 6, page 5: Language describing a managed care community network is repealed. Community care networks were a previous form of managed care that never was implemented. Section 6 also maintains the current law treatment for a fee-for-service managed care entity and a PACE organization.

Section 7, page 6: Minor technical amendments only.

Section 8: page 6: Beginning on page 7, SB 351 adds language specific to network adequacy, and quality assurance provisions of existing insurance statutes. Paragraph 15 is added to this section on page 8. The new language specifies that the managed care program may not commence prior to federal approval, and specifies that fees incurred for the application review are to be borne by the applicant.

Section 9, beginning on page 9: SB 351 updates current statutes to exclude certain direct payments from the capitation payments, and requires the managed care entity to enter into new provider network agreements. The Department may not coerce a provider to become a network provider by assigning the existing Medicaid provider agreement to the managed care entity.

The remaining sections provide technical changes, provide for the repeal of managed care community networks, codification instructions and the effective date.

MHA believes that in total, SB 351 enacts the changes most important to assuring success for future Medicaid managed care programs, and provides needed reforms supported by providers.

MHA has spoken with several parties that have expressed concerns about the details of SB 351. We are willing to accommodate some, but not all of the concerns if the Committee chooses to amend the bill. At the end of day, we must have a public process, it must apply to the current demonstration project and we must protect the State and its medical providers from the problems that emerged during the previous mental health managed care project.

MHA asks for your support of SB 351.